

### [Soaring Health Insurance Profits Fuel Push To Limit Rate Hikes](#)

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The nation's five biggest for-profit health insurance companies didn't curb their appetites as Congress closed the deal on health care reform. Far from it.

Despite growing political pressure and tough economic times, the companies cashed in on double-digit rate hikes to report profits of \$3.2 billion in the first three months of 2010, up 31 percent from the same period last year, according to a [new report](#) by Health Care for America Now, an advocacy group.

"How do they do it? They do it through greed," HCAN executive director Ethan Rome said in a call with reporters. "By covering fewer people, offering worse benefits, providing less care and charging consumers and employers more."

Indeed, premiums have been growing faster than medical costs, and four of the five companies further reduced the percentage of premium dollars they spent on actual health services, according to the report. Meanwhile, higher premiums and out-of-pocket costs evidently drove many families to give up their plans altogether. The new study finds 2.8 million people, or over 3 percent of those companies' clients, abandoned ship during 2009 and the first three months of 2010.

If there's a silver lining here, said Rep. Jan Schakowsky (D-Ill.), it is that news like this adds urgency to the need for a bill to rein in outrageous rate hikes.

Shakowsky and Sen. Dianne Feinstein (D-Calif.) have [proposed legislation](#) in their respective chambers that would give the federal government the authority to deny or modify rate increases found to be unreasonable, particularly in the 26 states that currently don't have that ability.

"The companies themselves have been very helpful in moving this bill along, if you know what I mean," Schakowsky said in the call with reporters. She singled out Wellpoint as "the poster-child for unbridled greed."

Last month, Anthem Blue Cross, a subsidiary of Wellpoint, [withdrew plans](#) for rate hikes across California averaging about 25 percent after the state's insurance commissioner determined through an independent audit that its justification for the increases was full of mathematical errors and double counting of data.

A day before that, Wellpoint announced that its first-quarter profits were up a whopping 51 percent. And the company is also on the defensive against allegations made in a Reuters article by [Murray Waas](#) that it systematically dropped coverage for women diagnosed with breast cancer. Wellpoint's [response](#) was that it doesn't target breast cancer victims, it actually systematically drops coverage for men and women diagnosed with lots of different diseases.

The health reform legislation passed in March will limit how much of every premium dollar can go to administrative costs, executive pay and profits. But companies are already [shifting costs](#) to minimize the impact and are hard at work [manipulating how the final regulations are written](#).

There is no explicit limit on continued increases in premiums. "There's nothing in health reform that would stop this from happening," said Feinstein.

The industry could continue rate hikes even beyond 2014, when health care "exchanges", ostensibly increasing competition, come online. That's because a few huge companies "increasingly control market share, which gives them the opportunity to raise rates at will," Feinstein said.

Schakowsky and Feinstein said their measure has broad support but was not included in the final reform legislation because of technical issues related to the Senate's passage of the bill through a procedure that precluded a filibuster.

Schakowsky described herself as "very optimistic" about the bill's passage. But Feinstein acknowledged that the provision may not get 60 votes in the Senate. "This is hard, and candidly I'm not sure at this point," she said, adding cryptically -- and petulantly -- that "someone who I won't mention who I thought was for it is not."

"We will not have every Democrat," she said. "I doubt very much whether Sen. Ben Nelson (D-Neb.) would support this. So the problem is, we would need to pick up some Republicans."